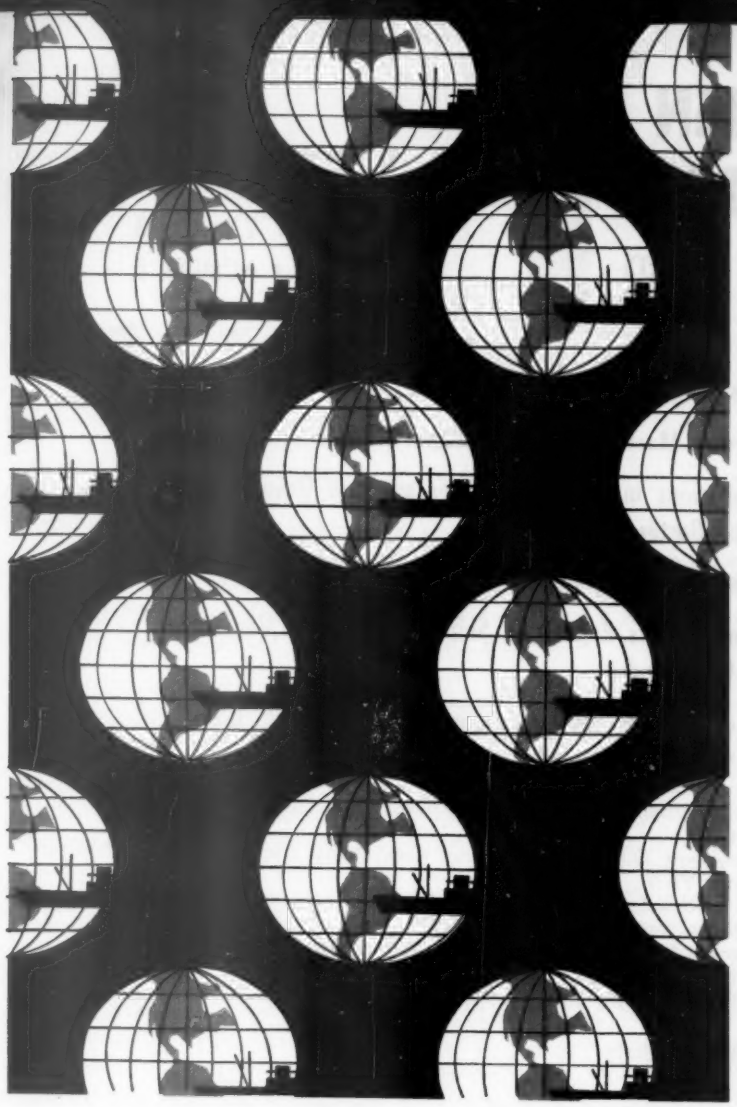

FEBRUARY 25, 1963

Trade Future
Of U.S. Agriculture

U.S. Barter Program Revised

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

THE UNIVERSITY
OF MICHIGAN
MAI
PERIODICAL
READING ROOM

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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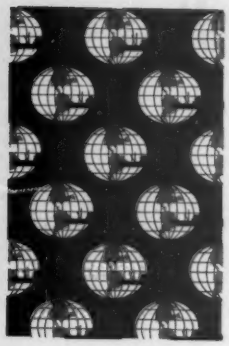

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DEPOSITED BY THE
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Raymond A. Ioanes, Administrator, Foreign Agricultural Service, reappraises U.S. agricultural trade relations in light of the EEC's veto of Britain's membership bid.

The Trade Future of U.S. Agriculture

January, for some reason, seems to be decision month for the European Common Market. It was in January 1958 that the Common Market got under way as a going organization. Four years later, in January 1962, it launched its common agricultural policy. And in January 1963—a little over a fortnight ago—it decided, on the basis of a veto by France, to reject the United Kingdom's bid for membership.

The story of the United Kingdom and the Common Market began in 1956 when the Market countries invited the United Kingdom to join them in developing the new Community. Britain gave the initiation consideration, but in the end declined. The British Government felt that the political problems involved were too difficult and too numerous to surmount. Britain, for example, had many ties with Commonwealth partners, including Canada, Australia, New Zealand, India, and Pakistan. Britain's agricultural program was unlike the Common Market's. Britain had a low-priced food policy, implemented by imports from Commonwealth sources under a tariff preference system as well as imports from the United States and elsewhere.

Instead of joining the Common Market, Britain in 1959 organized and became a member of the European Free Trade Area. This organization, sometimes called the "Outer Seven" but more often "EFTA," includes, in addition to the United Kingdom, Norway, Sweden, Denmark, Switzerland, Austria, and Portugal. EFTA has been submerged for many months by Common Market developments, but it is still a "going" organization, with headquarters at Stockholm.

Governments, like individuals, change their minds. The United Kingdom gradually came around to the view that Britain's ties with the Common Market should be strengthened. The Common Market agreed to explore the matter. Negotiations were begun. Those negotiations were almost successful. But in the end they were not. That's the fact that confronts us today.

Where does all this leave U.S. agriculture? Has our European export market come clattering down about our ears? By no means, although there are some trouble spots. This is the way I see the present situation.

First, for the period ahead we retain our liberal access to the U.K. market.

The United Kingdom has traditionally followed liberal agricultural trade policies. American farmers have benefited. Last year our trade with Britain in such important items as corn, wheat, lard, tobacco, and fruit products amounted to $460 million, making that country our second best cash customer among individual countries. One of the points in dispute with respect to U.K. membership was the extent to which the enlarged Community should accord reasonable terms of entry to outside agricultural suppliers. That spirit and the prospect of a continued large export market we retain in the United Kingdom in the current situation.

The future of other European countries now outside the Common Market fold is hard to appraise. Their future depends on attitudes of individual Common Market governments as well as decisions the "outside" countries make themselves. A few signs have already appeared.

Denmark, for example, has cast its lot with the United Kingdom, it has announced. Denmark has considerable agricultural trade with the Common Market as well as with the United Kingdom. In the fiscal year 1962, Britain took 211 million pounds of the total 261 million pounds of butter the Danes exported. On the other hand, the Common Market took 30 percent of Denmark's beef exports, as compared with the United Kingdom's 10 percent. Norway has indicated that it will not press its application for Common Market membership.

Other EFTA countries must be looking at the trade balance scale, as well as weighing such intangible factors as the philosophy of liberal trade versus protectionism, old commercial ties, cultural contacts, and the like. The countries not now aligned with either the Common Market or EFTA—Spain and Turkey—also have decisions to make.

As Americans, we must bear in mind that these are European decisions. These Western European countries are Free World partners. They are sovereign countries. Many are old friends. Above all, we must bear in mind that issues other than agricultural trade are involved—issues such as the molding of nuclear arms policy, development of a European "third force" vis à vis an Atlantic Alliance, and the ever-present danger of Communism. All of these are issues which are being widely debated in Europe today. That is where they have to be settled.

The rejection of U.K. membership focuses attention on the need for a new look at trade opportunities in non-Common Market countries.

The Common Market takes about a third of the farm products we sell for dollars—but let's not forget that other Free World countries take two-thirds. In our preoccupa-

tion with the Common Market, we may have understated the strength of our trade with the rest of the world.

In fiscal 1962, sales to the EFTA countries of Western Europe amounted to $719 million, including the $460 million to Britain I mentioned earlier. Sales to Japan totaled $485 million, and to Canada $430 million.

There are substantial opportunities for expansion in our trade with most of these areas. Japan, for example, is a rapidly growing market for our feed grains and soybeans. It could take more if its tariffs were cut further. Canada could take more of our poultry, especially turkeys.

Now that the world trade line-up is known more clearly, we can get on with the job of preparing for the Kennedy round of tariff and trade negotiations. Recent events have dramatized the need for strengthening all our trade ties, so that our eggs are not all in one basket.

We still are faced with the same problem of obtaining access to the Common Market for some of our major farm products.

The United Kingdom-Common Market impasse has spotlighted some problems in the trade area—but it has not solved them.

In my opinion, we must be completely realistic in our approach to Common Market trade. I think that we can obtain access to the Common Market. But it requires shrewd, tough negotiating.

At the negotiating table, the new authority provided by the Trade Expansion Act of 1962 will be most helpful. The United States intends to use the new trade act to negotiate a great interlocking system of liberal and expanded trade. To achieve this objective, we will have to treat negotiations on agricultural and industrial tariffs, particularly with the Common Market, as a single package.

Remember that we sell the Common Market over four times as many farm products as we buy from them. We must be prepared to offer concessions on industrial imports in exchange for concessions the Common Market offers us on farm products. It is U.S. policy to avoid any moves to separate the final settlement of agricultural and industrial products. If we permitted the industrial-agricultural "package" to be separated, we might soon find the carrot gnawed off our trading stick.

But the United States is not proposing to let the industrial sector carry the full burden. In urging liberal international trade policies for farm products, the United States is not urging upon others what it is unprepared to do itself. At the next round of tariff negotiations the United States is prepared to consider, on a reciprocal basis of course, further reduction of U.S. tariffs on agricultural products.

I say "further reductions" because the United States already follows a very liberal policy with respect to agricultural imports that compete with our own production. We admit, on an unrestricted basis, imports of such competitive items as fresh and frozen beef and lamb, pork, a large variety of canned meat products, vegetable oils, fruits, vegetables, tobacco, and even feed grains. Tariffs on these commodities are generally moderate, so we feel that we have every right to ask for access for our products.

At the general round of tariff negotiations, the United States could be asked to subject its own price, production, and trade policies to international review within the context of international commodity arrangements which imposed such obligations equally on all members—both importing and exporting countries. We have much to gain from such a review, provided the obligations exchanged are truly reciprocal.

International commodity arrangements have been suggested as the means of settling trade problems confronting producers of temperate zone farm products, especially grains. The United States is prepared to consider such arrangements for a limited number of products under appropriate conditions. These include a prior understanding as to the objectives and purposes of the agreements, especially firm arrangements for assuring the flow of trade. But we must tie international commodity arrangements, where they are used, into the forthcoming general round of tariff negotiations.

World trends point to a liberalized farm trade.

As I consider our complex trade problems, I sometimes feel a little overwhelmed. But I feel that way, as I say, only sometimes. I believe that man's legitimate aspirations inevitably will be realized. I believe firmly that freedom will prevail because it is man's instinct to be free. On the same basis, I believe that liberal trade will flourish one day because mankind wants to upgrade standards of living.

The long-term trend of world events favors an expansion of agricultural trade on a liberal basis. The industrialized countries of the world need export outlets, which means that they must produce as efficiently as possible. Industrial nations thus want reasonably priced food; but they can't get it if their own agricultures are sheltered from the effects of international competition. The United States, with an agriculture of unparalled efficiency, stands to gain in this process of exchange.

As we think about recent developments in Europe, the road to liberal trade seems rough. But time changes all things. Perhaps I am over-optimistic. But I predict that our agricultural trade situation a decade from now will be brighter than seems possible today.

This article was taken from a talk given by Mr. Ioanes before the National Farm Institute, Des Moines, on Feb. 15.

U.S. Farm Exports, 1950-61

USDA's monthly publication, *Foreign Agricultural Trade of the United States,* in its January issue, carries an article on the dollar-value amounts of U.S. agricultural exports to countries of destination for calendar years 1950 to 1961. The article traces the growth of sales of farm products abroad, and analyzes the market for them in the five major world importing areas—Europe, Asia, Latin America, Africa, and Oceania.

This magazine may be obtained from the Management Operations Staff, Agricultural Economics, U.S. Department of Agriculture, Washington 25, D.C.

Iran Grows More Cotton —and Exports More

By JIMMY D. MINYARD
Cotton Division
Foreign Agricultural Service

Much of Iran's cotton is entering the export trade. Above, worker shoulders 500-pound bale for shipment to a European port. Left, ginning cotton at modern Tehran factory.

Cotton is Iran's No. 2 earner of foreign exchange, and even though it earns far less than petroleum, the growing, spinning, and export of cotton furnish a sizable cash income for a number of Iranians.

Iran's cotton production has risen steadily in recent years. Most of the increased production will find its way into the export market unless domestic consumption swings upward — which is not too likely since the Iranian Government, at least for the next few years, intends to keep textile output at about the same level it is today.

Currently, everything points in the direction of greater production and increased acreage. Iran's soil and climate are suited to the growing of cotton. Farmers consider cotton an excellent cash crop, providing the incentive to devote more of their crop land and capital to cotton raising.

These producers have just finished harvesting their second largest cotton crop in history, 460,000 bales. In 1961-62 they produced a record 530,000 bales. Both of these crops are well above the 5-year average for 1955-59. The 1962 drop in output should be viewed as a temporary setback, attributable to hot dry weather in the Caspian Sea producing area, and some insect damage.

The government's 5-year development plan for Iranian agriculture, covering 1963-67, proposes to increase cotton production to 575,000 bales by 1967. This represents an increase of only 10 percent, or 50,000 bales over the 1961 crop. According to the plan, no additional acreage will be devoted to cotton, but improved cultural practices will account for the expanded output in the next few years.

Acreage expanding

In all probability, the goal will be reached, but contrary to the plan, expanded acreage will account for the increase. Expansion is occurring now in the Caspian Sea region where 65 percent of the cotton crop is grown. The Caspian Sea area sowed about 10,000 to 15,000 more acres to cotton in 1962, increasing the country total to 1 million.

There are several reasons for the continued acreage expansion in this area. Cotton is being grown on lands arable for the first time by irrigation. In some areas it is replacing wheat and other food crops. Moreover, the pattern of farming has changed in this area from a peasant-type agriculture to a cash crop economy. Formerly each farm grew some wheat, some feed grains, fodder, and cotton. Now many farmers plant only cotton, or a large share of their land in cotton.

Most of the land in the Caspian Sea area is flat and well suited to mechanized farming. Landowners farm their own land with the help of hired labor, and 80 to 90 percent of the land cultivated is plowed with tractors.

Little change is expected in cotton acreage outside the Caspian region. Some land will open up in the Khuzestan irrigation project in southwestern Iran, and the northern reaches of the project are suited to cotton. Officially the project is aimed at increasing sugarcane production, but when enough sugarcane is grown to satisfy domestic requirements, cotton and other cash crops will probably receive more attention.

Much has been written and discussed about Iranian land reform but so far it has not affected cotton production. Mechanized farms have been excluded from land reform and most of the farms in the Caspian Sea area qualify as such. Cotton production in other areas has normally been on small plots of land, many of half an acre or less, and land reform may have some effect on cotton output in these areas.

Much of Iran's increased cotton production will find its way into the export market. By freezing textile pro-

duction at present capacity the Iranian Government is limiting the amount of raw cotton that can be absorbed by the local industry and freeing more cotton for export.

Exports will compete

Opinion is divided on the exact amounts that will enter future export markets. Under the government's 5-year plan, 300,000 bales are targeted for export by 1967, a rather small percentage increase.

For the significance of this figure, it is necessary to compare cotton exports during the previous 5 years. From 1958 to 1962, cotton exports increased an average of 20,000 bales every year, or altogether, rose from 200,000 to 275,000 bales. This is four times the increase anticipated for the coming 5 years. Here again, actual exports may outrun official estimates.

Iran grows varieties of U.S. Upland cotton, and the quality of its cotton is such that it competes directly with U.S. Upland for export markets. The big buyers of Iranian cotton are the United Kingdom, France, West Germany, the USSR, and Italy, usually in the order given. U.S. cotton goes to all of these markets except the USSR; consequently, as Iranian cotton production and exports expand, U.S. growths will meet increasing competition for the European market.

Local use limited

Ten years ago, 200,000 spindles spun about one-third of Iranian cotton production into cloth, and two-thirds were exported. Today, 800,000 spindles are manufacturing about one-half of the crop, and half is exported. This high proportion of domestic use will not continue. The Iranian Government has banned imports of spindles except for repair parts to keep textile production at its present level. Only looms can be imported.

The government is pegging textile production at the approximate 400 million yards of cloth it is now weaving per year. This output furnishes 18.5 yards of cloth for each Iranian, a per capita consumption that compares favorably with those of Iran's cotton-producing neighbors — Turkey, Syria, Pakistan, and Afghanistan.

The rapidly expanding use of rayon staple fiber is also slowing local consumption of cotton. Imports of rayon have gone up each year—from 9,128 metric tons in 1960, to 16,395 in 1961, and an estimated 25,000 tons in 1962. Rayon is more expensive than cotton, but Japanese and European suppliers extend low interest credit to mills for rayon purchases.

Finally, an antiquated and cumbersome marketing system hampers sale of the finished product. Heavy stocks (an estimated 150 million yards) of unsold textiles were left over from last year in warehouses and depots.

New Revisions in U.S. Barter Program May Result in Increased Barter Exports

Major revisions recently announced in the U.S. barter program are expected to bring the volume of barter transactions back to the $160-million average of 1959-61.

Since the announcement last year that revised estimates of emergency requirements had revealed stockpile excesses of many strategic materials, new barter contracting had been sharply curtailed. In fiscal year 1962, the level fell to $112 million, and in the first half of fiscal '63 only about $12.5 million of new barter business was negotiated.

The barter program, under which the U.S. Department of Agriculture trades stocks of agricultural commodities for goods and services needed by U.S. agencies, or for materials to be stockpiled, is carried on primarily under Title III of Public Law 480, Title II of P.L. 540, and the CCC Charter Act of 1948. The new revisions will lessen the amount of barter business done under P.L. 480 which involves stockpile materials. Greater emphasis will be given to transactions where U.S. agricultural commodities are bartered for goods and services which the government (principally the Defense Department and the Agency for International Development) would otherwise buy abroad for dollars, thereby tending to aid the U.S. balance-of-payments position.

Strategic materials still needed to meet stockpile objectives will continue to be accepted in barter transactions, and materials not so needed will also be accepted in certain cases. For example, a substantial amount of bilateral barter is expected to continue in those cases where it is more advantageous to acquire material of which the U.S. is a net importer than to accumulate added foreign currency thru sales under Title I of P.L. 480.

The U.S. Secretaries of State and the Treasury will be consulted periodically on the general impact of the barter program on foreign policy considerations and on balance-of-payments problems. The program retains provisions designed to prevent disruption of world market prices of agricultural commodities or replacement by the program of cash sales for dollars. In the case of wheat and wheat flour, protection will be given the normal markets of all International Wheat Agreement exporter countries.

U.S. commodities currently available for barter are nonfat dry milk, butter, cheddar cheese, tobacco, wheat, corn, rye, grain sorghums, barley, and cotton (after issuance of a barter cotton announcement). This list is subject to change from time to time.

U.S. Trade Centers Abroad

Currently, there are four U.S. Trade Centers. The London Center was opened in June 1961; the Bangkok, Thailand, Center in May 1962; and the one in Frankfurt, Germany, in the fall of last year. The fourth Center—in Tokyo—will open in April.

The addresses of these centers are as follows:

London—57 St. James's St., SW 1
Bangkok—971 New Road
Frankfurt—2-4 Bockenheimer, Landstrasse
Tokyo—30 Okasaka, Tameike, Minato Ku.

Two of the Trade Centers, London and Tokyo, have agricultural sections.

Israel Moves To Update Mixed Feed Industry

The opening of Israel's San Kol-Chai feed mill last month represents a big step in the country's move to update its mixed feed industry. For the United States, already supplying over three-quarters of Israel's feed grains and soybeans, a modernized feed industry will make that country a better market for these commodities.

(In 1961-62, Israel took 380,000 metric tons of U.S. feed grains against 67,000 in 1954-55. Soybean imports rose to 5.8 million bushels from 2.4 million. Although a large share of these shipments has moved under Title I of P.L. 480, such sales are being phased out, to be replaced by commercial sales.)

Israel's milk and egg producers, feeling the squeeze of falling prices in recent years, have cut costs wherever possible. The principal stumbling block remaining has been the high price of mixed feed.

Almost all kibbutzim (collective farms) and many moshavim (cooperative agricultural settlements) operate their own mixing facilities. The result has been inefficient production. The plants are too small, equipment is obsolete, and management is often unqualified.

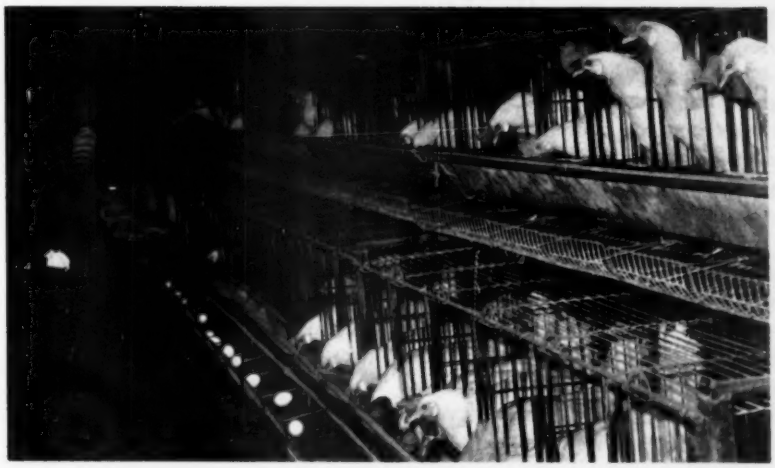
The first cooperative feed mill was established a few years ago by 38 kibbutzim. The electronically controlled Ambar plant in central Israel is run by kibbutzim members sent by the settlements owning the plant plus some employees hired from the outside. Still the Ambar operation can be improved upon. The mill normally operates at two-thirds capacity, and capital investment (about $1.6 million) is high compared to the feed output.

The new San Kol-Chai plant has an initial output of 80,000 tons per year, and another 40,000 is possible if enough settlements in northern Israel join the cooperative. The mill incorporates several improvements over the Ambar set-up, especially for the storage and handling of protein concentrates. Its upright silos have a greater capacity than the Ambar facilities. Fifteen trucks, each with a 12-ton capacity, have been purchased for bulk deliveries. Financing of the plant came from U.S. loans of funds accrued under P.L. 480 commodity sales.

The Ambar and San Kol-Chai plants together will account for about 40 percent of Israel's feed output.

—NORMAN J. PETTIPAW

Below, the Ambar plant, Israel's first large cooperative feed mill. Right, candling eggs and feeding birds. Missing link in modern poultry industry is low-cost feed.



Mexican Growers Expect To Ship More Winter Vegetables Across U.S. Border

If U.S. and Canadian market prices for winter vegetables hold at fairly high levels for the balance of this season, Mexican growers expect the total border crossings to be 25 percent above those of last year when 18,000 carlot equivalents moved into the United States and Canada.

Tomatoes account for more than half of the Mexican vegetables imported, and cantaloups, watermelons, peppers, and cucumbers make up most of the balance. Relatively small quantities of squash, snap beans, eggplant, and cherry tomatoes are shipped as mixed loads.

Between 60 and 70 percent of the tomatoes are grown in the State of Sinaloa, mostly in the Culiacan Valley. More than half of the acreage is now given over to staked, or pole, tomatoes. The yield of marketable tomatoes grown on stakes is about four times the yield of ground or unstaked plants.

Staked tomato production started in 1956, and until recently the only variety grown was the Manalucie, which had to be harvested as vine-ripened. This variety has been replaced by Manapal, Indian River, and Step 282 —varieties that can be harvested either green or vine-ripe.

Nearly all of the vine-ripened tomatoes are packed in two- or three-layer flats, precooled, and shipped by motor truck. The green tomatoes are packed in cartons or wire-bound wooden crates containing 40 pounds net, and a large portion of them are shipped by rail. The railroad plans to start "piggy-back" service next year.

By the end of January, 1,725 rail cars of tomatoes and 688 carlot equivalents via motor trucks had crossed the border, or almost 15 percent more than in the same period last season.

Cucumber production was never very successful in Mexico because of the inability of growers to control diseases. Recently, experienced growers who had previously operated in Florida and Cuba started some production in Mexico, and by the end of January, 375 carlot equivalents had crossed the border compared to only 158 cars for the same period last year.

Most of the onions from Mexico enter through Texas ports of entry. Last year, onion imports were large because of high U.S. prices, but this season the volume is expected to be down because of lower U.S. prices and adverse weather in the Mexican production area.

Cantaloups and watermelons start moving from the Aptazingan area in late January or early February, and from the West Coast in mid-April. It is necessary for the Mexican growers to complete marketing in late May when California and Arizona start shipping in volume. The control of diseases is the major problem in the production of high-quality melons. Weather factors often make this problem more difficult, and sometimes large acreages are abandoned.

The potential acreage of irrigated land suitable for vegetable culture in Mexico is quite extensive. A large portion of the acreage has shifted to Sinaloa, with most of it in the Culiacan Valley, because of frequent weather damage in northern areas.

Mexican winter vegetable growers try to gage their production to the potential demand in the United States and Canada. All winter vegetable growers tend to overplant, hoping that their competitor will be hit by adverse weather. If this happens, the financial rewards are high. Conversely, a large acreage may be abandoned. Nearly half the acreage on the west coast of Mexico was disked under in the winter of 1960-61 because of low market prices in the United States and Canada.

There is a domestic demand in Mexico for most of the lower grades; thus a high-quality pack can be exported. Practically all of the vegetables and melons are inspected by the USDA Federal-State Inspection Service. High minimum standards of quality have been maintained since 1956, and low-quality produce is not even permitted to cross the border.

Unemployed Farm Workers A Serious Problem in USSR

Of the Soviet Union's 31 million kolkhoz workers employed in July, only 18 million were employed in collectivized agriculture in January. Thus some 40 percent of the labor force on Soviet collective farms does no farm work during the winter, and, in such densely populated areas as Moldavia and Armenia, the percentages range from 60 to 69 percent.

These figures, which are for 1959, were revealed by Soviet Economist I. Borodin, in the January 19 issue of *Ekonomicheskaya Gazeta*. In 1960 the situation on kolkhozes was reported to be much the same, and apparently there has been little change since then, for an article in the January 11 issue of *Sel'skaya Zhizn'* claims that almost half the kolkhoz members in the nonchernozem zone of the RSFSR had no farm employment this winter. The 13 oblasts and two autonomous republics in this zone contain 3,862 kolkhozes, with an annual average of 1,342,000 persons engaged in farm work.

The seasonal fluctuation in employment on sovkhozes (state farms) is somewhat less. In 1960 the number of temporary and seasonal workers was 23 percent of the permanent labor force, although in the busiest periods of August and September their number reached 33 percent.

To reduce seasonal agricultural unemployment an expansion in livestock production has been suggested. While for this, the labor demand is more or less constant throughout the year some manpower released from crops would be absorbed by livestock. Increases in livestock production can lead to greater utilization of field labor indirectly, i.e., through expanding labor-consuming production of row crops for feed.

Alternate proposals for solving the problem of seasonal agricultural unemployment are the resettlement of surplus agricultural labor (especially youth) in agricultural labor-deficit areas, and greater diversification of production on kolkhozes — measures which at best would provide only limited relief, in view of the size of the unemployed farm labor force.

Canada's Wheat Board Aims To Keep Top-Quality Canadian Wheat on Top

Canada probably spends less money for agricultural export promotion than the United States but its projects are well-planned, well-executed, and effective, according to U.S. observers in touch with the Canadian program.

Since wheat is Canada's most important farm export—accounting for 50 percent of total exports—advertising Canadian wheat in world markets is the biggest agricultural promotional effort of the Canadian Government.

The Canadian Wheat Board handles most of the wheat promotion programs. Late in 1953 the Board was given the authority to draw funds from a "special account" to carry on market development. This account is made up of unpaid balances which have been on the Board's books for more than 6 years—mostly unclaimed payments to grain growers. These funds, for example, have provided laboratory facilities at Japan's Institute of Baking and the Baking School.

The Wheat Board keeps a close liaison with importing countries in Western Europe through its London and Rotterdam offices. A Tokyo office, opened in 1961, covers developments in the Far East, and one in Brussels, opened last year, reports on the EEC.

The Technical Services and Research Department of the Wheat Board performs a vital service in wheat promotion by making market surveys of cereal-processing industries in foreign grain outlets. Results of the studies furnish foreign grain buyers with technical information about the use of Canadian grain. This department, since its formation in 1961, has made surveys of milling and baking techniques in 15 countries.

The Canadian Government will continue to expand its promotional programs for wheat. The President of the Saskatchewan Wheat Pool recently said that Canada has a responsibility to do more promotion work in countries where wheat is not a basic food. He said that the United States was doing most of the promotion work, with Canada "cashing in" on part of the results. Japan was cited as an example where promotion has been effective in encouraging people to use more wheat in their diets.

New U.S. Rice Emblem Stands for Quality

The U.S. Rice Export Development Association, Inc., recently adopted this emblem for use by U.S. rice exporters and foreign processors on retail packages that contain U.S. rice. The trademark is being promoted as the symbol of quality, uniformity, and cleanliness.

Permission to use the emblem may be obtained from the U.S. Rice Export Development Association, 425-13th Street, N.W., Washington 4, D. C.

Markets To Watch—

U.S. Soybean Oil Sales to Hong Kong May Increase by $1 Million This Year

Rising consumption and trade in vegetable oils plus improved quality and competitive U.S. prices are making Hong Kong a fast-growing cash market for U.S. soybean oil.

U.S. exports to Hong Kong in 1963 may reach around 65 million pounds, 13 million higher than last year. The U.S. trade would then be valued at around $7 million, up $1 million from 1962. The British Crown Colony now ranks as the second largest cash importer of U.S. soybean oil.

Hong Kong formerly imported about 15,000 metric tons of soybean oil, chiefly from Mainland China, Japan, and the United States. With Hong Kong's population now pushing beyond 3.5 million, the demand for edible oil is likely to continue to increase. About 50 percent of the edible oil now being consumed is soybean.

Hong Kong's potential imports are substantial because of the large entrepot and transshipment trade carried on in Southeast Asia, where soybean oil is filling in for the declining demand for coconut and palm oil.

U.S. refined oil has been highly competitive as to price compared with other vegetable oils available in Hong Kong, since it can be shipped in bulk at economical ocean freight rates and can be drummed there at a very low cost. Also, the quality of U.S. soybean oil shipped to the colony has been improved in the past 2 years. When mixed with higher priced oil such as peanut oil, the blend produces cooking and table oil that is well received in Hong Kong markets.

Japan—whose oils were once reported to have less gum substance and less "bean odor" than U.S. soybean oils—had been supplying around 30-40 million pounds to Hong Kong each year in the late 1950's. Introduced to U.S. deodorized oil at competitive prices, the colony became an important buyer in 1960 when purchases mounted to nearly 7 million pounds.

With U.S. prices in Hong Kong in early January averaging 10 percent lower than those of competing oils—such as peanut oil from India and Japanese soybean oil—trade prospects for U.S. soybean oil appear to be especially good this year.

Little Bubbles "cleans up on" dirty fighter.

Colombians Use Cartoon Strip To Promote Soap

"Burbujitas" (Little Bubbles) and "Espumita" (Sudsy) have become well-known cartoon characters to millions of Colombian newspaper readers. Selling the idea that regular use of soap promotes hygiene, cleanliness, and health, Burbujitas and Espumita are the creation of a program initiated in 1961 under the joint direction of the Colombia Soap Manufacturers Association and the U.S. National Renderers Association (NRA).

In the fall of 1959, a survey made by the National Renderers Association revealed that per capita use of soap in Colombia was one of the lowest in the world. The NRA saw the possibility of expanding sales of U.S. inedible tallow and solicited the help of the Foreign Agricultural Service and the Colombia Soap Manufacturers Association in a market development program that would create a wider use of soap in Colombia. A local advertising firm was hired by these groups, and now Burbujitas and Espumita appear weekly in a number of newspapers throughout Colombia.

The Ministries of Health and Education became interested in the soap promotion campaign and have helped form "Burbujitas Clubs" among schoolchildren who, following the leadership of Little Bubbles, wash with soap every day to keep themselves clean and healthy. At meetings of the "Burbujitas Clubs" free soap samples are distributed and talks on when to use soap—especially before eating—are given. The Ministry of Health would like to see a reduction in the incidence of intestinal diseases caused by unwashed hands.

As a result of this program, per capita use of soap has grown from 3½ pounds before the campaign to 7½ pounds. U.S. tallow sales to Colombia rose from 19.6 million pounds in 1959 to 23.8 million in 1962.

U.S. Feeds Industry Will Exhibit at Verona

From March 10 to 19, between 600,000 and 700,000 Italian farmers, buyers, importers, and spectators are expected to gather at Verona's 65th Agricultural Fair to see what's new in agricultural products. They will be inspecting farm products from 17 countries, including the United States, all the EEC members, and a handful from the Soviet Bloc — Yugoslavia, Hungary, and Poland.

Theme of the fair, oldest agricultural show in Europe, is "The New Agriculture." The U.S. exhibit will again feature the Mobile Feeding Unit. This year, the Unit will show three simultaneous "Telemation" slidestrips on feed grain production, livestock production, and broiler production in the United States. In addition, mobile units will display models, pictures, and maps of the growing, processing, grading, and nutrient value of barley, grain sorghum, corn, and soybeans.

Noting the interest shown in edible tallow as an animal feeds ingredient at the 1961 Verona Fair, the National Renderers Association plans to promote tallow as a cohesive agent and economical source of energy in animal feeds. Other types of feeds will also be promoted by the Soybean Council of America and the U.S. Feed Grains Council, in cooperation with the Foreign Agricultural Service.

Japan Makes Biggest Buy U.S. Hard Winter Wheat

The Japanese Food Agency recently purchased 1.8 million bushels of U.S. hard winter wheat (13 percent protein)—the largest shipment so far, and the first since last July. Japan has been a good dollar market for U.S. wheat since 1959, but most of the demand has been for soft wheat.

Canada has been the biggest supplier of Japan's hard wheat. Competitive U.S. prices and promotion work by the USDA and Wheat Associates in the last 2 years, however, are making Japan a better market for hard wheat from the United States. Through educational programs, U.S. technicians are showing Japanese millers and bakers that U.S. hard wheat when used along with Canadian wheat gives a superior bread product.

U.S. technicians have also been helping Japanese bakeries to devise better dough formulas using U.S. hard winter wheat.

Japan Noodle Firms Join To Advance U.S. Wheat

Forty-five large noodle firms in Japan have organized the All-Japan Noodle Manufacturers Association to carry on management and production improvement programs for the industry. It will also promote the use of U.S. wheat in noodle manufacture.

The firms decided to form the association after noting the success of training seminars conducted by the Wheat Associates USA in Japan for the past 2 years to instruct noodle makers on how to best use U.S. flour. Japan is a big buyer of U.S. western white wheat, used in noodles.

Canned Fruit and Juice Prices in Netherlands

Importers' selling prices in the Netherlands (import duties and taxes paid) of selected canned fruit and juices in December 1961, October 1962, and January 1963 are compared as follows:

Type and Quality	Unit	Price per dozen units Dec. 1961	Oct. 1962	Jan. 1963	Origin
FRUIT					
Apricots		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Halves:	*Cans*				
Choice	2½	(1)	4.14	4.14	Greece
Standard	2½	(1)	4.74	(1)	U. S.
Choice	8 oz.	1.69	1.96	1.96	U. S.
Unspecified	½ Kg.	(1)	2.15	2.06	Spain
Peaches					
Halves:					
Choice	2½	3.98	3.94	3.98	U. S.
Standard	2½	3.85	3.68	3.68	U. S.
Do	303	2.62	2.49	2.49	U. S.
Do	10	12.60	12.76	12.76	U. S.
White	15 oz.	2.85	2.85	2.85	Japan
Pears					
Halves:					
Standard	2½	5.14	4.01	4.18	U. S.
Do	303	(1)	2.35	2.49	U. S.
Unspecified	14 oz.	(1)	2.29	2.29	Italy
Fruit Cocktail					
Choice	2½	4.77	4.38	4.38	U. S.
Do	303	3.15	2.88	2.88	U. S.
Do	8 oz.	1.89	1.72	1.72	U. S.
Do	10	17.40	16.24	16.24	U. S.
Mandarin Oranges					
Fancy, small	11 oz.	2.42	2.59	2.65	Japan
Do	2½	6.46	6.63	(1)	Japan
Do	10	21.22	22.87	(1)	Japan
Pineapple					
Sliced:					
Fancy	2½	5.50	4.44	5.30	U. S.
Choice	2½	4.41	4.28	4.34	U. S.
Standard	2½	4.18	4.01	4.04	U. S.
¼ Sliced:					
Choice	20 oz.	2.55	2.55	2.49	Taiwan
Pieces:					
Choice	20 oz.	(1)	2.35	2.29	Taiwan
JUICES					
Orange	2	2.29	2.06	2.06	U. S.
Grapefruit:					
Unsweetened	2	(1)	1.62	1.62	U. S.
Do	2	(1)	1.43	1.43	Israel
Sweetened	2	1.69	1.43	1.43	Israel
Pineapple:					
Fancy	211	1.33	1.24	1.24	U. S.
Do	2	1.82	1.72	1.72	U. S.
Tomato	2	2.32	2.32	2.32	U. S.
Do	2	1.99	1.99	1.99	Israel

[1] Not available.

Nut Harvests in South Europe, Mid-East

Filbert and almond harvests for 1962 are below average or about average in most southern European and Middle East producing countries, according to the latest trade estimates available.

The 1962 *Italian filbert* harvest is now estimated at 45,000 tons, unshelled basis, a decrease of 5,000 tons from earlier reports. This season's harvest is above the 1955-59 average of 40,500 tons but 10,000 tons below the large 1961 crop.

Italy's export trade in filberts has been slack this season compared with the 1961-62 season, when exports totaled 41,500 tons, unshelled basis.

However, the 1962-63 carryout of filberts should again be very small, for domestic consumption has increased considerably this season.

In early February 1963, shelled avellino filberts were quoted at about 63 cents per pound f.o.b. Italian port, while unshelled avellinos were quoted at about 26.5 cents. This represents about a 3-cent-per-pound decline from the season's opening price for shelled filberts.

The 1962 *Turkish filbert* harvest estimate is unchanged at 100,000 short tons, unshelled basis. This is considerably above the 1961 estimate, which has been revised upward to 84,000 tons. Average production in 1955-59 was 98,300 tons.

Turkey's exports of filberts during the first 3 months of the 1962-63 season amounted to 66,700 tons, unshelled basis. If present export indications continue, total 1962-63 shipments may reach 94,000 tons. In 1961-62, Turkish filbert exports totaled 78,600 tons.

Turkish filbert price quotations weakened slightly during January and in early February 1963 were quoted at about 61.6 cents per pound f.o.b. Turkish port.

Morocco's 1962 harvest of *sweet almonds* is estimated at 2,200 tons, shelled basis. This is considerably below the 4,000-ton 1961 crop and also smaller than average 1955-59 production of 3,000 tons.

During the 1962-63 season, almond exports may be only a third of the estimated 3,200 tons shipped in 1961-62. For the 6-month period July-December 1962-63, almond exports from Morocco amounted to 470 tons.

Iran's 1962 *almond* harvest is now estimated at 8,000 tons, shelled basis, down 1,500 from earlier reports. The 1961 almond estimate remains at 9,000 tons. Average 1955-59 production is 8,000 tons.

Almond exports during the 1962-63 season may approximate the estimated 1961-62 shipments of 5,000 tons.

The 1962 *Portuguese almond* harvest is estimated at 4,300 short tons, shelled basis. This is 1,500 tons below last season but still above average 1955-59 production of 3,200 tons.

Portugal's exports of almonds during the first 4 months (September-December) of the 1962-63 season amounted to about 1,400 tons, shelled basis. Exports for the entire 1962-63 season may reach 4,400 tons. Total 1961-62 exports were 4,900.

The 1962 *Italian* commercial *almond* harvest is estimated at 14,000 tons, shelled basis, unchanged from earlier reports. This is 46,000 tons below the record 1961 crop of 60,000 tons and also well below the 30,800-ton average for 1955-59.

Italy's exports of almonds during the first 4 months (September-December) of the 1962-63 season were estimated at 10,800 tons. Total 1961-62 exports totaled 47,800 tons, unshelled basis.

In early February 1963, shelled Bari almonds were quoted at about 67.5 cents per pound f.o.b. Italian port, a reduction of almost 2 cents per pound since early January. Price quotations for P.G.'s have also declined. P.G.'s are being quoted at 65.5 cents, and P.G. 37/38's are almost 67 cents per pound, f.o.b.

South Africans Disagree on Peach Prices

According to trade reports, The South African Fruit Canners and the Apricot and Peach Growers' Association failed in early negotiations to arrive at a fixed price for cling peaches which canners will pay growers for the 1963

season. The Association decided to recommend the following minimum prices per ton for canning-type clings:

Grade	U.S. dollars per ton
Super	68.60
First	53.20
Second	47.60
Third	22.40

In addition there would be a premium of 28 cents per ton for each 1 percent above 40 percent of super grade deliveries.

Kuwait Eases Canned Food Labeling Laws

A stringent Kuwait Municipality ordinance governing the labeling of imported canned goods was eased by an amendment effective January 20, 1963.

In addition to the normal precautionary requirements, the new regulations announced by the Municipality call only for the embossing of code symbols on the cans for identification of the packing date. Packers are to record their codes with the Sanitation Section of the Municipality of Kuwait. Additional information had previously been required which made the labeling of cans too expensive.

France Exports Less Butter

France's butter exports in the first 11 months of 1962 dropped to 58 million pounds from 100 million in the corresponding months of 1961.

Reduced sales to the principal markets accounted for a large part of this decrease, particularly sales to the United Kingdom—down from 33 million pounds to 3 million—and to Italy—down from 18 million pounds to 1 million. Shipments to West Germany, Switzerland, and Algeria were also markedly below 1961. East Germany, an important outlet in 1961 with 8 million pounds, took over 385,000 pounds in January-November, 1962.

Among countries making larger purchases in this period were Hungary, 8 million pounds (22,000); Chile, 3 million pounds (7,000); Morocco, 2 million pounds (1 million); and Tunisia, 1 million pounds (204,000).

Indian Sunn Fiber Acreage Down

The first official Indian estimate of sunn or sann hemp acreage for fiber is 435,000 acres for 1962-63 against the corresponding adjusted estimate of 438,000 acres in 1961-62. This decrease has been attributed to bad weather.

The first estimate is preliminary and incomplete but the acreage given usualy averages 90 percent of the final amount of land planted with sunn fiber. More than a third of India's sunn fiber is grown in Uttar Pradesh in North Central India and nearly another third in Madya Pradesh and Andhra Pradesh farther south.

Sunn fiber is used as a substitute for true hemp and, in mixture with other fibers, in twines, cordage, and pulp for paper making.

Japan Will Buy Its Sugar From South Asia

The Japanese sugar industry has almost completed arrangements for switching purchases of sugar from Cuba to South Asia and elsewhere. A December 13 article in the *Nihon Keizai* (Economic Daily) stated that of the 1,200,000-1,250,000 metric tons of sugar needed in 1963, contracts with non-Cuban sources now cover 1,101,000.

These contracts call for 188,000 tons from Natal, 500,000 tons from Taiwan, 300,000 tons from Australia, 78,000 tons from Indonesia, and 35,000 tons from Thailand. Since December 13, additional commitments adding 100,000 metric tons each from Okinawa and India and 20,000 tons from Australia were obtained. These, together with the 100,000 previously contracted for from Cuba, would bring the total 1963 imports to 1,343,000 tons.

In the last several years over one-third of Japan's sugar came from Cuba. The above article stated that sugar importers, on the urging of the Ministry of International Trade and Industry, are switching to sources in South Asia because Cuba is a politically and economically unstable source, and because Japan can increase its exports to South Asian states if it buys considerably more of their sugar.

U.S. Exports Less Cotton of All Types

U.S. exports of all types of cotton amounted to 1,145,000 running bales in the first 5 months (August-December 1962) of the current season. This figure is approximately one-half of the 2,207,000 bales exported in the same period of 1961-62, and 44 percent below average shipments of 2,060,000 bales of the previous 5 seasons.

December 1962 exports reached 383,000 bales, compared with 299,000 (November '62) and 537,000 (December '61

Registrations for export under the current payment-in-kind program amounted to 2,311,000 bales through February 8, compared with 3,489,000 on about the same date a year earlier.

COTTON: U.S. EXPORTS BY COUNTRY OF DESTINATION
(1,000 running bales)

Destination	Year beginning August: Average 1955-59	1960	1961	August-December 1961	August-December 1962
Austria	33	35	33	16	4
Belgium & Luxembourg	160	179	100	52	30
Denmark	17	23	13	5	6
Finland	22	29	21	16	4
France	360	549	300	173	69
Germany, West	475	421	205	134	36
Italy	416	454	376	206	112
Netherlands	124	179	106	56	29
Norway	10	14	13	6	4
Poland & Danzig	85	228	139	0	7
Portugal	28	25	18	12	3
Spain	171	171	155	155	[1]
Sweden	75	101	99	49	20
Switzerland	64	99	75	50	20
United Kingdom	525	371	270	144	65
Yugoslavia	108	88	175	71	11
Other Europe	17	8	8	2	3
Total Europe	2,690	2,974	2,106	1,147	423
Australia	54	49	64	22	14
Canada	217	259	397	170	96
Chile	35	51	12	11	[1]
Colombia	33	0	1	0	[1]
Cuba	27	2	0	0	0
Ethiopia	4	4	13	5	7
Hong Kong	134	219	104	32	20
India	184	599	216	22	45
Indonesia	30	36	46	29	27
Israel	16	9	10	2	2
Japan	1,154	1,746	1,028	446	274
Korea, Rep. of	205	195	300	122	88
Morocco	10	9	14	8	5
Pakistan	14	5	40	3	[1]
Philippines	64	149	142	32	44
South Africa	26	51	52	28	6
Taiwan (Formosa)	153	176	256	59	59
Thailand	4	23	30	13	10
Uruguay	15	18	11	8	0
Venezuela	2	[1]	16	16	1
Vietnam [2]	2	26	30	14	20
Other countries	27	32	27	18	4
Total	5,100	6,632	4,915	2,207	1,145

[1] Less than 500 bales. [2] Indochina prior to 1958. Includes Laos and Cambodia.

Compiled by Cotton Division, FAS, from Census records.

U.S. Ships Less Dollar-Earning Meat

Lard exports in December were below the level of recent months but 17 percent above December 1961. The total for the year was only slightly better than the previous year. Although exports to the United Kingdom, the best customer for U.S. lard, were more than a fourth higher, shipments to nearly all other markets were reduced.

Tallow shipments to all major markets dropped in 1962. Shipments to the EEC were off 44 percent at 440 million pounds. Exports to Japan dropped 100 million pounds, largely because of credit restrictions and as accelerated trend toward use of synthetic detergents. Russian purchases of nearly 200 million pounds in 1961 were reduced to 65 million in 1962. Partially offsetting the loss in these dollar sales were increased P.L. 480 sales to Egypt, Pakistan, and Poland.

Red meat exports were generally below 1961, although shipments in December were above the previous year. *Variety meat* exports increased slightly, while *casing* exports remanied about the same as 1961, with increases in hog casings offsetting decreases in beef casings.

Mohair exports, at 12.5 million, dropped for the third year in a row from the 1959 record of 18.6 million. The United Kingdom and Japan each took significantly less; the EEC generally took more.

Although *cattle hide* exports dropped 7 percent, there were still more than 7 million pieces shipped during the year. Only in 1961 was the export total higher.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
(Product weight basis)

Item	December 1961	December 1962	1961	1962
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Lard	13,589	15,931	416,636	422,089
Inedible tallow and greases [1]	169,581	115,003	1,813,897	1,604,491
Edible tallow and greases [2]	861	1,034	12,205	12,365
Meat:				
Beef and veal	2,104	2,621	29,906	27,112
Pork	5,520	6,682	68,295	63,680
Lamb and mutton	121	105	1,616	2,189
Sausage:				
Except canned	133	104	2,301	1,485
Canned	77	110	1,041	892
Baby food, canned	106	147	1,237	1,146
Other canned meats	163	128	1,166	1,254
Total red meat	8,224	9,924	105,562	97,758
Variety meat	10,502	10,434	123,861	125,100
Sausage casings:				
Hog	1,052	1,150	11,578	12,428
Other natural	467	251	6,567	5,769
Mohair	497	718	13,523	12,540
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides and skins:				
Cattle	808	530	7,646	7,119
Calf	120	115	1,992	1,712
Kip	29	10	556	343
Sheep and lamb	155	166	954	2,179

[1] Includes inedible tallow, oleic acid or red oil, stearic acid, and other inedible animal greases, fats, and oils. [2] Includes edible tallow, oleo oil and stearin, oleo stock, and animal fat shortenings, excluding lard.

U.S. Department of Commerce.

Canadian Livestock Trends

Cattle numbers on farms in Canada continue to increase, but numbers of hogs, sheep, and horses are decreasing. From 1958 to 1962, cattle increased 11 percent, while hogs decreased 27 percent, sheep and lambs 23 percent, and horses 28 percent.

Canadian cattle on December 1, 1962, numbered 11.2 million, an increase of 2.5 percent from a year earlier; hogs totaled less than 5 million, down 3 percent. Sheep and lamb numbers declined from 966,000 to 871,000 head; horse numbers, from 493,000 to 458,000.

Canadian livestock production and meat prices correlate with those of the United States. The Canadians consider their livestock industry as a part of a greater North American livestock economy.

CANADIAN LIVESTOCK NUMBERS ON FARMS

Year	Cattle	Hogs	Sheep and lambs	Horses
	1,000 head	*1,000 head*	*1,000 head*	*1,000 head*
1958	10,112	6,880	1,141	637
1959	10,489	6,417	1,188	593
1960	10,897	5,526	1,135	552
1961	10,932	5,135	966	493
1962	11,206	4,993	871	458

U.S. Lard Exports Up 1 Percent in 1962

U.S. lard exports totaled 422 million pounds in 1962, up about 1 percent from 1961.

Shipments to the United Kingdom rose more than a fourth, offsetting the losses in practically every other market. The largest drop was in the Cuban market, which took 43 million pounds in 1961, before the U.S. embargo.

The United Kingdom has thus become the only large outlet remaining for U.S. lard. Consumption in Western Europe has continued to decline at the same time that production within the area has risen to the point where several countries are now seeking export outlets of their own. U.S. lard now competes in the U.K. market with Polish, French, Dutch, Belgian, and German lard.

U.S. EXPORTS OF LARD (INCLUDING RENDERED PORK FAT)

Destination	Average 1956-60	1961	1962 [1]	Changes in 1962
North America:	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Canada	14.9	21.5	20.9	— .6
Mexico	12.2	11.7	11.0	— .7
Costa Rica	3.8	3.3	.2	— 3.1
El Salvador	3.1	1.9	1.8	— .1
Guatemala	5.4	.4	.2	— .2
Panama	4.8	3.1	3.5	+ .4
Cuba	182.9	42.6	——	—42.6
Haiti	7.2	7.7	7.1	— .6
Other	2.6	2.9	2.9	—
Total	236.9	95.1	47.6	—47.5
South America:				
Bolivia	4.4	4.1	1.3	— 2.8
Brazil	3.3	(2)	(2)	—
Colombia	.4	.2	.1	— .1
Peru	3.2	2.6	1.4	— 1.2
Venezuela	.6	.5	.4	— .1
Other	1.1	2.4	1.5	— .9
Total	13.0	9.8	4.7	— 5.1
Europe:				
Austria	7.1	.1	——	— .1
France	.1	——	——	—
Germany, West	30.9	19.2	14.3	— 4.9
Netherlands	1.3	4.6	(2)	— 4.6
United Kingdom	216.2	277.6	350.2	+72.6
Yugoslavia	34.8	——	.1	+ .1
Other	.9	5.0	1.3	— 3.7
Total	291.3	306.5	365.9	+59.4
Asia	3.6	5.1	3.8	— 1.3
Other	.4	.1	.1	—
World total	544.9	416.6	422.1	— 5.5

[1] Preliminary. [2] Less than 50,000 pounds.

Venezuelans Manufacture More Cigarettes

Venezuela produced a total of 4 billion cigarettes during the first half of 1962—up 7.4 percent from the 3.7 billion produced in January-June 1961. Production of light-type cigarettes continues to rise and accounted for 89 percent of total output. If the rate of increase continued for the last half of 1962, total output approached 7.9 billion pieces for 1962, compared with 7.4 billion in 1961.

U.S. Tobacco Exports Drop 6.3 Percent

U.S. exports of unmanufactured tobacco in calendar year 1962, at 469.6 million pounds (export weight), were down 6.3 percent from the 501 million shipped abroad in 1961. The value of exports, at $373.7 million in 1962, dropped 4.4 percent.

Exports declined from those of 1961 mainly because the 1962 crop of flue-cured tobacco contained a larger-than-normal quantity of low-quality leaf. Also, stocks of U.S. leaf in several important foreign markets were built up in 1961 and supplies available for export in competing areas continued to expand.

Exports of flue-cured, Kentucky-Tennessee fire-cured, and Maryland in 1962 were down 6.4 percent, 30.9 percent, and 4.3 percent, respectively from 1961. Flue-cured exports totaled 376.9 million pounds, compared with 402.8 million in 1961; Kentucky-Tennessee, 17.3 million (25 million); and Maryland, 10.9 million (11.4 million).

On the other hand, exports of burley totaled 39.8 million pounds—up 8.9 percent from the 36.6 million shipped in 1961. Gains also were recorded for Green River and Cigar wrapper. Exports of Virginia fire-cured were the same as in 1961.

For the first half (July-December 1962) of the current fiscal year, total exports of unmanufactured tobacco were 298.8 million pounds—down 14.4 percent from July-December 1961. Most of the drop was in flue-cured tobacco, exports of which were only 242.2 million pounds (export weight), compared with 289.1 million in 1961.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
(Export weight)

Type	December		January-December		Percent change
	1961	1962	1961	1962	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	36,411	41,006	402,769	376,921	− 6.4
Burley	1,840	3,708	36,577	39,831	+ 8.9
Dark-fired Ky-Tenn.	2,859	4,055	25,009	17,269	−30.9
Va. fire-cured [1]	25	302	4,641	4,649	+ .2
Maryland	638	982	11,417	10,930	− 4.3
Green River	—	5	523	636	+21.6
One Sucker	3	235	800	532	−33.5
Black Fat, etc.	374	250	4,297	3,656	−14.9
Cigar wrapper	225	389	4,304	4,754	+10.5
Cigar binder	20	84	2,957	859	−71.0
Cigar filler	37	—	229	3	−98.7
Other	580	1,572	7,438	9,537	+28.2
Total	43,012	52,588	500,961	469,577	− 6.3
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Percent*
Declared value	34.9	42.6	390.9	373.7	− 4.4

[1] Includes sun-cured. Bureau of the Census.

Exports of tobacco products in calendar year 1962 were valued at $117.6 million—up 8.7 percent from 1961. Cigarette exports totaled 24.1 billion pieces—a gain of 8.4 percent from 1961.

Exports of cigars and cheroots were 20.4 million pieces, compared with 17.5 million in 1961; smoking tobacco in bulk, 8.6 million pounds, compared with 9 million; and smoking tobacco in packages, 580,000 pounds, compared with 779,000. Chewing and snuff exports declined from 666,000 pounds in 1961 to 627,000 pounds in 1962.

U.S. EXPORTS OF TOBACCO PRODUCTS

Product	December		January-December		Percent change
	1961	1962	1961	1962	
Cigars and cheroots *1,000 pieces*	1,450	2,742	17,481	20,406	+16.7
Cigarettes *Million pieces*	1,891	2,451	22,217	24,080	+ 8.4
Chewing and snuff *1,000 pounds*	61	32	666	627	− 5.9
Smoking tobacco in pkgs. *1,000 pounds*	59	90	779	580	−25.5
Smoking tobacco in bulk *1,000 pounds*	724	1,032	8,959	8,632	− 3.6
Total declared value *Million dollars*	9.1	12.0	108.2	117.6	+ 8.7

Bureau of the Census.

Swiss Cigarette Output Rising

Cigarette output in Switzerland during the first 9 months of 1962 totaled 10 million pieces—up 9.1 percent from the 9.1 billion produced in January-September 1961. Production for the full calendar year 1962 probably approached 13.5 billion pieces, compared with 12.3 billion in 1961.

December Suez Canal Shipments Increase

The volume of oil-bearing material shipments northbound through the Suez Canal in December 1962 was 42 percent above that of November (*Foreign Agriculture,* Feb. 4, 1963) and 23 percent more than in December 1961.

Total shipments of all oil-bearing materials through the Suez Canal during the first quarter of the U.S. marketing year (beginning Oct. 1, 1962) were 18 percent greater than shipments during the comparable period of the previous marketing year. Of particular significance were the increases registered in cottonseed shipments, largely from the Sudan, and in castor bean shipments, largely from Thailand. These more than offset the sharp declines in soybean shipments from Mainland China and in palm kernel shipments from Malaya and possibly Indonesia.

SUEZ CANAL: OIL-BEARING MATERIALS, NORTHBOUND

Item	December		October-December	
	1961	1962	1961	1962
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Soybeans [1]	11,086	46	24,999	333
Copra	59,896	57,589	205,552	199,026
Peanuts	15,910	30,248	40,092	66,700
Cottonseed	6,395	22,617	17,509	68,676
Flaxseed [2]	2,469	877	7,114	4,084
Castor beans	2,626	6,321	9,980	16,172
Palm kernels	3,897	3,233	11,845	4,732
Others	7,103	13,575	18,422	37,324
Total	109,382	134,506	335,513	397,047

[1] 1 metric ton of soybeans equals 36.743333 bushels.
[2] 1 metric ton of flaxseed equals 39.367857 bushels.
Suez Canal Authority, Cairo, Egypt.

The sharp decline in the volume of soybean shipments during the first quarter of the marketing year continues to reflect relatively small export availabilities from Mainland China and the diversion of those availabilities to the Japanese market.

SUEZ CANAL: SOYBEANS, NORTHBOUND

Month and quarter	Year beginning October				
	1958	1959	1960	1961	1962
	1,000 bu.	*1,000 bu.*	*1,000 bu.*	*1,000 bu.*	*1,000 bu.*
Monthly:					
October	1,176	2,315	37	381	10
November	367	514	257	130	0
December	2,646	5,769	625	407	2
Quarterly:					
October-December	4,189	8,598	919	919	12
January-March	10,435	13,999	6,062	4,082	——
April-June	9,700	8,635	1,213	239	——
July-September	5,879	2,756	2,756	328	——
Total quarterly [1]	30,203	33,988	10,950	5,568	——

[1] Totals computed from unrounded numbers.
Suez Canal Authority, Cairo, Egypt.

Papua And New Guinea Copra/Coconut Oil Exports

Exports of copra and coconut oil from Papua and New Guinea during fiscal 1961-62 were slightly below the levels of the previous year. Exports of copra totaled 74,840 long tons, down 2 percent from 1960-61. This decline may have been due to shipping arrangements, as actual availabilities were somewhat higher than in 1960-61 despite less favorable growing conditions. Exports of coconut oil, at 19,627 tons, were down 4 percent.

PAPUA AND NEW GUINEA: COPRA/COCONUT OIL EXPORTS

Country of destination	1960-61	1961-62
Copra:	*Long tons*	*Long tons*
Australia	27,033	25,852
United Kingdom	39,855	44,743
Germany, West	2,055	——
Japan	5,521	4,245
Netherlands	2,060	——
Total	76,524	74,840
Coconut oil:		
Australia	——	1,183
United Kingdom	20,429	18,444
Total	20,429	19,627

U.S. Exports of Soybeans, Oil, and Meal

U.S. exports of soybeans and of oilseed cakes and meals in December declined sharply from the record tonnages of the previous month. Exports of edible oils increased slightly, and soybean oil comprised much more of the total.

December exports of U.S. *soybeans,* at 18.7 million bushels, declined by almost one-third from the record set in November, while cumulative exports during October-December, the first quarter of the current marketing year, were 12 percent above the first quarter last year. Major destinations for U.S. soybean exports in December and their respective percentages were: Japan 21, West Germany 20, the Netherlands 16, Canada 14, United Kingdom 6, and Italy and Denmark 5 each.

U.S. shipments of *edible oils* (soybean and cottonseed) in December increased 3 percent from the preceding month, with commercial sales representing more of the total. Cumulative shipments during October-December were 11 percent above those of the comparable period in 1961-62.

December exports of *soybean oil,* at 97.7 million pounds, were up one-fifth from those in November. Major destinations and percentages were: Spain 52, Tunisia 15, Morocco 9, Israel 7, Chile 5, and Algeria 4. Cumulative shipments were 38 percent above first-quarter shipments last year.

Cottonseed oil exports, on the other hand, declined in December. At 33.8 million pounds, exports were more than one-fourth lower than those in November. Exports during the October-December period were about one-fourth below those for the first quarter of 1961-62.

Shipments of *cakes and meals* from the United States in December at 129,900 tons declined by nearly one-third from the November record, while cumulative shipments October through December were almost three-fifths above the same period last year.

Soybean meal accounted for 88 percent of the total U.S. exports of cakes and meals in December. Major destinations and percentages in December were: Canada 21, France 16, Spain and West Germany 12 each, the Netherlands 9, Denmark 8, and Belgium 7.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, AND OILSEED CAKES AND MEALS

Item and unit	Dec.		Oct.-Dec.	
	1961 [1]	1962 [1]	1961 [1]	1962 [1]
Soybeans Mil. bu.	16.5	18.7	60.8	68.1
Oil equiv. Mil. lb.	180.8	205.4	667.8	747.9
Meal equiv. 1,000 tons	386.9	439.6	1,429.2	1,600.8
Edible oils				
Soybean:				
Commercial [2] Mil. lb.	35.6	93.4	133.1	222.6
Foreign donations [3] do	29.5	4.3	45.4	23.1
Cottonseed:				
Commercial [2] do	31.5	31.5	102.5	82.9
Foreign donations [3] do	12.9	2.3	23.5	10.4
Total oils do	109.5	131.5	304.5	339.0
Cakes and meals				
Soybean 1,000 tons	80.4	114.5	271.2	375.8
Cottonseed do	(4)	10.6	2.3	37.4
Linseed do	1.1	2.4	11.6	32.7
Total cakes and meals [5] do	81.7	129.9	285.2	449.8

[1] Preliminary. [2] Compiled from records of the Bureau of Census; includes Titles I and II, P.L. 480. [3] Title III, P.L. 480. [4] Less than 500 tons. [5] Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from records of the Bureau of Census and USDA estimates.

Argentina Plants Less Sunflower, Peanuts

According to the first official estimate, Argentina, a major world exporter of sunflower-seed oil, has reduced its planted area of sunflower seed to 2,595,000 acres, 22 percent below the 3,306,000 acres of 1961-62 and the smallest since 1954-55. The crop is normally sown in September-October and harvested in February-April.

The decline has resulted largely from unfavorable prices for sunflower seed compared with corn as well as from a drought in Buenos Aires and Córdoba Provinces.

Official peanut acreage estimates are not yet available, but a decline of 10 percent from the 713,600 acres of last year has been unofficially reported. The crop sown in October and November is reported to be progressing satisfactorily after an initial period of dry weather. The crop will be harvested in March through May.

Moroccan Flaxseed Acreage To Increase

Flaxseed acreage in Morocco was expected to rise sharply in 1963, to 65,000 to 75,000 acres compared with the 40,000 acres seeded in 1962. The increase should result if areas initially seeded to wheat, barley, and sugar beets in the northern provinces are planted to flax instead. About 500,000 acres of this area were badly flood-damaged.

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Morocco's 1962 flaxseed production amounted to 400,000 bushels with yields averaging 10 bushels per acre. This compares with the 1955-59 average of 600,000 bushels from 98,000 acres at an average yield at 6.1 bushels per acre.

Uruguay Modifies Taxes on Flaxseed

The Government of Uruguay on January 17 issued a decree which decreased export "detractions" (taxes) by 27 percent on linseed oil, and increased detractions by 20 percent on flaxseed, by 27 percent on expellers, and by 38 percent on meal. The decree also provides that 20 percent of the expellers and meals must be sold in the local market for domestic feed.

The purpose of this decree is to encourage exports of linseed oil and discourage exports of flaxseed, expellers, and meals.

Detractions effective under the new decree compared with those previously in effect, following a decree of November 30, 1961, are as follows per metric ton:

Product	Decree of *November 30, 1961*		Decree of *January 17, 1963*	
	Uruguayan *pesos*	U.S. dollar *equivalent*	Uruguayan *pesos*	U.S. dollar *equivalent*
Flaxseed	212	19.31	254	23.13
Linseed	143	13.02	105	9.56
Expellers	37	3.37	47	4.28
Flaxseed meal	32	2.91	44	4.01

Dominican Republic Peanut Crop Forecast

Peanut production (including both main and winter crops) in the Dominican Republic for 1963 is now forecast at 57,500 tons, unshelled basis, up only slightly from the 57,000 produced in 1962. Planted area is believed to be at the 1962 level of 800,000 tareas (124,344 acres). Thus, government plans to increase peanut acreage by at least 10 percent in 1963 have not materialized (*Foreign Crops and Markets,* November 12, 1962).

Virtually all of the peanuts in the Dominican Republic are crushed for cooking and table oils, and only a small quantity are eaten whole.

Additional quantities of crude peanut oil totaling 3,960 tons were imported in 1962 and a similar tonnage is expected to be imported in 1963.

Guatemala Shortening Plant Nearly Ready

A new vegetable shortening plant in Guatemala City is near completion and is expected to begin operation by March 1, 1963. Annual capacity of the new plant is reported at 2,000 tons. Total domestic production of vegetable shortening in Guatemala will then amount to about 5,000 to 6,000 tons annually. Production from the new plant probably will mean a marked decrease in import requirements for vegetable shortening, which during January-September 1962 amounted to 1,580 tons.

Japan Imports U.S. Safflower Seed

Trade sources report that Japan has recently contracted for the importation of about 33,000 tons of U.S. safflower seed.

The seed was reportedly purchased in San Francisco at a price of $124.56 per ton, c.i.f. Japan. Shipment is scheduled to take place between July and September, 1963. The oil from safflower seed, because of its nonyellowing qualities, is valuable in paints; it is also an excellent edible oil.